



General Assembly

Substitute Bill No. 1157

January Session, 2011

* ____SB01157FIN__041811__ *

**AN ACT CONCERNING THE RESTORATION OF THE ENERGY
CONSERVATION AND LOAD MANAGEMENT FUND.**

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. (*Effective from passage*) (a) For purposes of the cumulative
2 monthly financial statement prepared by the Comptroller pursuant to
3 section 3-115 of the general statutes, and issued in May, 2011, said
4 statement shall be prepared without taking into account any reduction
5 to the economic recovery transfer directed by sections 16-245e of the
6 general statutes, as amended by this act, 16-245f of the general statutes,
7 as amended by this act, 16-245j of the general statutes, as amended by
8 this act, and 16-245m of the general statutes, as amended by this act,
9 and said statement shall specify that any General Fund surplus
10 projected in said statement was determined without taking into
11 account such reduction to the economic recovery transfer.

12 (b) The Comptroller shall include in said statement the revised
13 amount of the economic recovery transfer to be paid from the proceeds
14 of the economic recovery revenue bonds after any estimated surplus in
15 such statement has been used to reduce such economic recovery
16 transfer.

17 Sec. 2. Subdivisions (19) and (20) of subsection (a) of section 16-245e
18 of the general statutes are repealed and the following is substituted in
19 lieu thereof (*Effective from passage*):

20 (19) "Economic recovery transfer" means the disbursement to the
21 General Fund of nine hundred fifty-six million dollars from proceeds
22 of the issuance of the economic recovery revenue bonds, which
23 disbursement shall be reduced as provided in section 139 of public act
24 10-179 and, notwithstanding the provisions of section 4-30b, shall be
25 reduced further by an amount equal to the estimated General Fund
26 surplus as of June 30, 2011, as reflected in the Comptroller's May
27 cumulative monthly financial statement, issued pursuant to section 3-
28 115 and in accordance with section 1 of this act; and

29 (20) "Economic recovery revenue bonds" means rate reduction
30 bonds issued to fund the economic recovery transfer, the costs of
31 issuance, credit enhancements, operating expenses and such other
32 costs as the finance authority deems necessary or advisable, and which
33 shall be payable from competitive transition assessment charges that
34 replace the competitive transition assessment charges funding
35 stranded costs. [and that are offset in part by decreases to the charges
36 funding the Energy Conservation and Load Management Fund, as
37 provided in subdivision (3) of subsection (a) of section 16-245m.]

38 Sec. 3. Subsection (b) of section 16-245f of the general statutes is
39 repealed and the following is substituted in lieu thereof (*Effective from*
40 *passage*):

41 (b) Prior to September 1, 2010, each electric distribution company
42 shall submit to the department an application for a financing order
43 with respect to funding the economic recovery transfer through the
44 issuance of economic recovery revenue bonds. The department shall
45 hold a hearing for each such electric distribution company to
46 determine the amount necessary to fund the economic recovery
47 transfer, the payment of economic recovery revenue bonds, costs of
48 issuance, credit enhancements and operating expenses for the
49 economic recovery revenue bonds. Such amount as determined by the
50 department shall constitute transition property. The department shall
51 allocate the responsibility for the funding of the economic recovery
52 transfer and the expenses of the economic recovery revenue bonds

53 equitably between the electric distribution companies. Such allocation
54 may provide that the respective charges payable by the customers of
55 each electric distribution company may commence on different dates
56 and that such rates may vary over the period the economic recovery
57 revenue bonds and the related operating expenses are being paid,
58 provided (1) such charges are equitably allocated to the customers of
59 each electric distribution company, and (2) the department determines
60 that, over such period, and taking into account the timing of charges,
61 the charges on a kilowatt hour basis assessed to the customers of the
62 respective electric distribution companies have substantially the same
63 present value after consultation with the finance authority as to the
64 discount rate to be used in determining such present value. Any
65 hearing with respect to a financing order in respect to the economic
66 recovery transfer and the issuance of economic recovery revenue
67 bonds shall not be a contested case, as defined in section 4-166. The
68 department shall issue a financing order in respect to the economic
69 recovery revenue bonds for each electric distribution company on or
70 before October 1, 2010. In such financing order, the department shall
71 determine the competitive transition assessment in respect of the
72 economic recovery revenue bonds, which shall not be assessed prior to
73 June 30, 2011, unless the department sets an earlier date in the
74 financing order. [A] If there are decreases to the charges as provided in
75 subdivision (3) of subsection (a) of section 16-245m, as amended by
76 this act, a component of the competitive transition assessment in
77 respect of the economic recovery revenue bonds shall be equal to the
78 decreases to the charges provided in subdivision (3) of subsection (a)
79 of section 16-245m, as amended by this act, funding the Energy
80 Conservation and Load Management Fund. The portion of the
81 competitive transition assessment in respect to the economic recovery
82 revenue bonds equal to such decreases shall be assessed and collected
83 from the date such charges are reduced pursuant to the financing
84 order. The department may provide in such financing order that
85 money from other sources, including proceeds of charges assessed
86 customers of municipal electric companies, transferred to the trustee
87 under the indenture and intended to be used to pay debt service on the

88 bonds shall be taken into account in making adjustments to the
89 competitive transition assessment pursuant to subdivision (2) of
90 subsection (b) of section 16-245i if such payment is not made from
91 General Fund revenues and would not adversely affect the tax status
92 or credit rating of economic recovery revenue bonds.

93 Sec. 4. Subdivision (4) of subsection (c) of section 16-245j of the
94 general statutes is repealed and the following is substituted in lieu
95 thereof (*Effective from passage*):

96 (4) (A) The proceeds of any rate reduction bonds, other than
97 economic recovery revenue bonds, shall be used for the purposes
98 approved by the department in the financing order, including, but not
99 limited to, disbursements to the General Fund in substitution for such
100 disbursements from the Energy Conservation and Load Management
101 Fund established by section 16-245m and from the Renewable Energy
102 Investment Fund established by section 16-245n, the costs of
103 refinancing or retiring of debt of the electric company or electric
104 distribution company, and associated federal and state tax liabilities;
105 provided such proceeds shall not be applied to purchase generation
106 assets or to purchase or redeem stock or to pay dividends to
107 shareholders or operating expenses other than taxes resulting from the
108 receipt of such proceeds.

109 (B) The proceeds of any economic recovery revenue bonds shall be
110 used for the purposes approved by the department in the financing
111 order, including, but not limited to, funding the economic recovery
112 transfer, provided such proceeds shall not be applied to purchase
113 generation assets or to purchase or redeem stock or to pay dividends
114 to shareholders or operating expenses other than taxes resulting from
115 the receipt of such proceeds.

116 (C) The finance authority is authorized, without any further
117 proceeding before the department, to structure the terms of the
118 economic recovery revenue bonds by applying the provisions of the
119 financing order for the economic recovery revenue bonds and the

120 provisions of sections 16-245e to 16-245m, inclusive, as amended by
121 this act.

122 Sec. 5. Subsection (d) of section 16-245j of the general statutes is
123 repealed and the following is substituted in lieu thereof (*Effective from*
124 *passage*):

125 (d) Any rate reduction bonds issued or sold pursuant to or in
126 reliance on and in accordance with any financing order issued by the
127 department pursuant to sections 16-245e to 16-245k, inclusive, as
128 amended by this act, shall be valid and binding and the transition
129 property from which such bonds are payable shall be enforceable in
130 accordance with their terms, notwithstanding such financing order is
131 later vacated, modified, or otherwise held to be wholly or partly
132 invalid, unless operation of such financing order has been enjoined,
133 stayed, or suspended by the department or a court of competent
134 jurisdiction prior to such issuance.

135 Sec. 6. Subsection (a) of section 16-245m of the general statutes is
136 repealed and the following is substituted in lieu thereof (*Effective from*
137 *passage*):

138 (a) (1) On and after January 1, 2000, the Department of Public Utility
139 Control shall assess or cause to be assessed a charge of three mills per
140 kilowatt hour of electricity sold to each end use customer of an electric
141 distribution company to be used to implement the program as
142 provided in this section for conservation and load management
143 programs but not for the amortization of costs incurred prior to July 1,
144 1997, for such conservation and load management programs.

145 (2) Notwithstanding the provisions of this section, receipts from
146 such charge shall be disbursed to the resources of the General Fund
147 during the period from July 1, 2003, to June 30, 2005, unless the
148 department shall, on or before October 30, 2003, issue a financing order
149 for each affected electric distribution company in accordance with
150 sections 16-245e to 16-245k, inclusive, as amended by this act, to
151 sustain funding of conservation and load management programs by

152 substituting an equivalent amount, as determined by the department
153 in such financing order, of proceeds of rate reduction bonds for
154 disbursement to the resources of the General Fund during the period
155 from July 1, 2003, to June 30, 2005. The department may authorize in
156 such financing order the issuance of rate reduction bonds that
157 substitute for disbursement to the General Fund for receipts of both
158 the charge under this subsection and under subsection (b) of section
159 16-245n and also may, in its discretion, authorize the issuance of rate
160 reduction bonds under this subsection and subsection (b) of section 16-
161 245n that relate to more than one electric distribution company. The
162 department shall, in such financing order or other appropriate order,
163 offset any increase in the competitive transition assessment necessary
164 to pay principal, premium, if any, interest and expenses of the issuance
165 of such rate reduction bonds by making an equivalent reduction to the
166 charge imposed under this subsection, provided any failure to offset
167 all or any portion of such increase in the competitive transition
168 assessment shall not affect the need to implement the full amount of
169 such increase as required by this subsection and by sections 16-245e to
170 16-245k, inclusive, as amended by this act. Such financing order shall
171 also provide if the rate reduction bonds are not issued, any
172 unrecovered funds expended and committed by the electric
173 distribution companies for conservation and load management
174 programs, provided such expenditures were approved by the
175 department after August 20, 2003, and prior to the date of
176 determination that the rate reduction bonds cannot be issued, shall be
177 recovered by the companies from their respective competitive
178 transition assessment or systems benefits charge but such expenditures
179 shall not exceed four million dollars per month. All receipts from the
180 remaining charge imposed under this subsection, after reduction of
181 such charge to offset the increase in the competitive transition
182 assessment as provided in this subsection, shall be disbursed to the
183 Energy Conservation and Load Management Fund commencing as of
184 July 1, 2003. Any increase in the competitive transition assessment or
185 decrease in the conservation and load management component of an
186 electric distribution company's rates resulting from the issuance of or

187 obligations under rate reduction bonds shall be included as rate
188 adjustments on customer bills.

189 (3) (A) In the financing order authorizing the economic recovery
190 revenue bonds, or other appropriate order, the department shall
191 reduce the charge assessed by subdivision (1) of this subsection by
192 thirty-five per cent. Such reduction shall become effective on April 4,
193 2012, or such earlier date set by the department in the financing order.
194 An amount equivalent to such reduction shall constitute a portion of
195 the competitive transition assessment in respect of the economic
196 recovery revenue bonds, provided any failure to offset all or any
197 portion of such competitive transition assessment shall not affect the
198 requirement to implement the full amount of such competitive
199 transition assessment, as required by sections 16-245e to 16-245k,
200 inclusive. All receipts from the remaining charge, after reduction of
201 such charge as provided in this subsection, shall be disbursed to the
202 Energy Conservation and Load Management Fund. The competitive
203 transition assessment in respect to the economic recovery revenue
204 bonds or the decrease in the conservation and load management
205 component of an electric distribution company's rates resulting from
206 the issuance of or obligations under the economic recovery revenue
207 bonds shall be included as rate adjustments on customer bills.

208 (B) Notwithstanding the provisions of subparagraph (A) of this
209 subdivision, there shall be no reduction in the charge assessed by
210 subdivision (1) of this subsection if the economic recovery transfer is
211 reduced by one hundred sixty-six million six hundred thousand
212 dollars, or more, because the amount of the estimated General Fund
213 surplus contained in the cumulative monthly statement prepared by
214 the Comptroller pursuant to section 3-115 and section 1 of this act is
215 equal to or exceeds said amount. If the economic recovery transfer is
216 reduced by less than one hundred sixty-six million six hundred
217 thousand dollars because the amount of the estimated General Fund
218 surplus contained in said statement is less than said amount, the
219 amount of the reduction to the charge assessed in subdivision (1) of
220 this subsection shall be the same percentage of thirty-five per cent as

221 the reduction of the economic recovery transfer described in
 222 subdivision (19) of subsection (a) of section 16-245e, as amended by
 223 this act, is to one hundred sixty-six million six hundred thousand
 224 dollars, as calculated by the finance authority.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	16-245e(a)(19) and (20)
Sec. 3	<i>from passage</i>	16-245f(b)
Sec. 4	<i>from passage</i>	16-245j(c)(4)
Sec. 5	<i>from passage</i>	16-245j(d)
Sec. 6	<i>from passage</i>	16-245m(a)

FIN *Joint Favorable Subst.*